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# State of Utah

## Department of Commerce

### Division of Securities

FRANCINE A. GIANI  
*Executive Director*

THAD LEVAR  
*Deputy Director*

WAYNE KLEIN  
*Director of Securities*

## NEWS RELEASE

November 14, 2006

### **Latex Glove Factoring Program Alleged to be Fraud**

***Weber County promoters promised 15% return in just three months ...***

**SALT LAKE CITY, Utah** – The Utah Division of Securities today issued an Order to Show Cause against Freedom Assets, LLC, Executive Assets, LLC, Kerry D. Pipkin, and Laurie Ann Pipkin of South Ogden. The Order to Show Cause alleges that the Pipkins and their companies took \$10,000 from an Idaho couple, promising 15% interest in only three months.

According to the Order, the Pipkins told the investors that they knew of a company that purchased the accounts receivable of Asian latex glove manufacturers at a discount. When the purchasers of the latex gloves paid for the product, the company would earn a significant profit and would pay a 15% profit to the investors. The Pipkins said the investment was a “sure thing,” that the investment was secured by the latex gloves that were in transit, and that other investors were earning huge profits.

On January 28, 2002, the day after the investors gave \$10,000 to the Pipkins to participate in the latex glove investment, the SEC filed suit against the California company (J.T. Wallenbrock) that claimed to be factoring the latex gloves. All of Wallenbrock’s assets were frozen. The SEC alleged that none of the money taken from investors had been used to finance sales of latex gloves. But, according to the Division, the Pipkins did not send the investment money to Wallenbrock. Instead, the investor money was used to pay personal expenses of the Pipkins including credit card payments, cell phone bills, mortgage payments, and to pay child support.

The investors were given promissory notes that had a 15% interest rate. The notes were issued by Executive Assets and signed by Kerry Pipkin. When the investors discovered that Wallenbrock had been closed by the SEC, they asked for a return of their investment. They received none of their money back. In August 2004, Kerry Pipkin filed for bankruptcy.

The Order to Show Cause alleges that Freedom Assets, Executive Assets, and Kerry and Laurie Pipkin committed securities fraud by lying about how the money would be used and for claiming there was no risk. The Order also alleges that the securities were unregistered and that the companies and Pipkins were not licensed to sell securities. The state is seeking a fine of \$50,000 from the two companies and fines of \$15,000 each from Kerry and Laurie Pipkin.

A hearing will be held on December 27 to determine whether the companies and Pipkins want to contest the state’s allegations.